



ARIZONA STATE SENATE
Fifty-Fifth Legislature, First Regular Session

REVISED
FACT SHEET FOR S.C.R. 1027

property tax exemption; veterans; disabilities

Purpose

Subject to voter approval, constitutionally exempts the property of a veteran with a service-connected disability, the veteran's spouse or the unmarried surviving spouse of a veteran with a service-connected disability from property tax.

Background

The property of Arizona residents who are honorably discharged veterans with a service or nonservice-connected disability, is exempt from taxation to the extent allowed by the Constitution of Arizona and subject to the conditions and limitations prescribed by statute ([Ariz. Const. art. 9 § 2](#) and [A.R.S. § 42-11111](#)).

In *Benjamin v. Arizona Department of Revenue*, 163 Ariz. 182 (App. 1989), the Arizona Court of Appeals held that the veteran's property tax exemption was unconstitutional because it imposed an Arizona residency requirement that violated the 14th Amendment to the U.S. Constitution

The Joint Legislative Budget Committee (JLBC) fiscal note states that due to data constraints, the impact of S.C.R. 1027 cannot be determined with certainty. As a result, the forecast assumptions require considerable speculation. The JLBC fiscal note includes an analysis of a sample scenario ([JLBC fiscal note](#)).

1. Exempts the primary residence of a veteran or the veteran's spouse from property tax, if the veteran:
 - a) has a service-connected disability of 100 percent, as rated by the U.S. Department of Veterans Affairs, that is a result of an injury or disease; or
 - b) is legally blind.
2. Exempts the primary residence of the unmarried surviving spouse of a veteran from property tax, if the veteran:
 - a) had a service-connected disability of 100 percent, as rated by the U.S. Department of Veterans Affairs, that was a result of an injury or disease; or
 - b) was legally blind.
3. Exempts the primary residence of a veteran who has a disability of 10 percent or greater, as rated by the U.S. Department of Veterans Affairs, that was a result of an injury or disease incurred in military service from property tax in the amount of \$5,000 of the total assessment or the entire amount, if the total assessment is less than \$5,000.

4. Prohibits another real property tax exemption from being granted for the same residence, unless two or more veterans with a disability reside in, and are co-owners of, the property which entitles each veteran to the exemption to the extent of the respective ownership interest.
5. Exempts a veteran's property tax exemption from any income limits.
6. Stipulates that a granted property tax exemption is in lieu of any other real property tax exemption to which a claimant may be entitled.
7. Defines *veteran* as an individual who has served in, and been discharged, separated or released under honorable conditions from, active or inactive service in the uniformed services of the United States, including:
 - a) all regular, reserve and national guard components of the U.S. Army, Navy, Air Force, Marine Corps and Coast Guard;
 - b) the commissioned corps of the National Oceanic and Atmospheric Administration;
 - c) the commissioned corps of the U.S. Public Health Service;
 - d) a nurse in the service of the American Red Cross or in the Army and Navy Nurse Corps; and
 - e) any other civilian service that is authorized by federal law to be considered active military duty for the purpose of laws administered by the U.S. Secretary of Veterans Affairs.
8. Specifies that property conveyed to a veteran with a disability or the veteran's spouse to evade taxation is not exempt from property tax.
9. Repeals the property tax exemption for an Arizona resident who is an honorably discharged veteran
10. Removes the requirement that a property tax exemption for an honorably discharged member of the U.S. uniformed services with a service-connected disability be available only if the veteran was an Arizona resident prior to September 1, 1945, or had been an Arizona resident for at least four years prior to their original entry into military service
11. Removes the requirement that a property tax exemption for an honorably discharged member of the U.S. uniformed services with a nonservice-connected disability be available only if the veteran served at least 60 days during time of war after World War I and had been an Arizona resident prior to September 1, 1945.
12. Makes technical and conforming changes.
13. Requires the Secretary of State to submit the proposition to the voters at the next general election.
14. Becomes effective if approved by the voters and on proclamation of the Governor.

Revisions

- Updates the fiscal impact statement.

Prepared by Senate Research

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MG/gs